

11/12/97

## **APPENDIX**

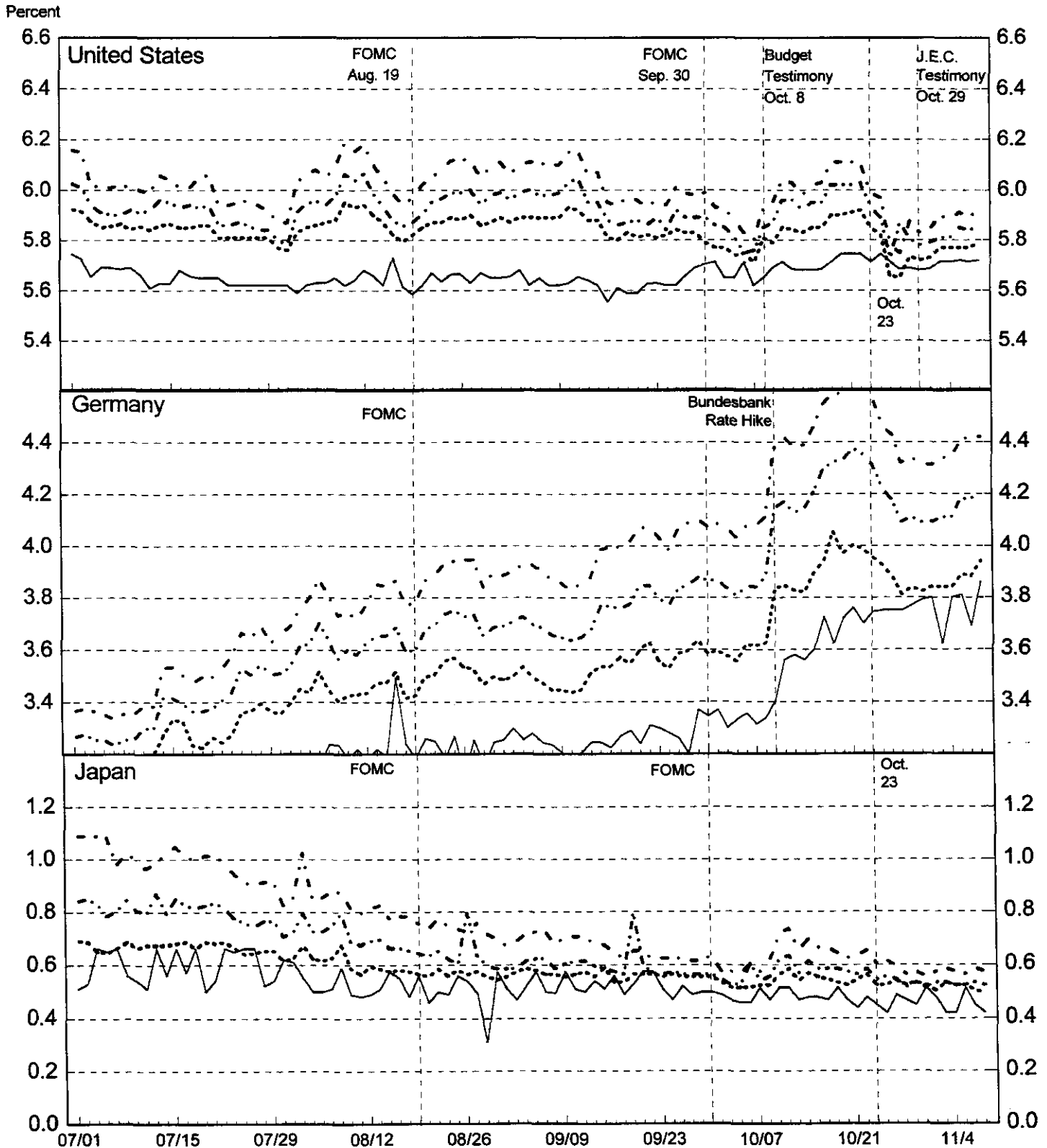
Charts used by Mr. Fisher in his presentation

# 3-Month Deposit Rates

Current Euro-deposit Rate; Forwards Implied by Traded Forward Rate Agreements

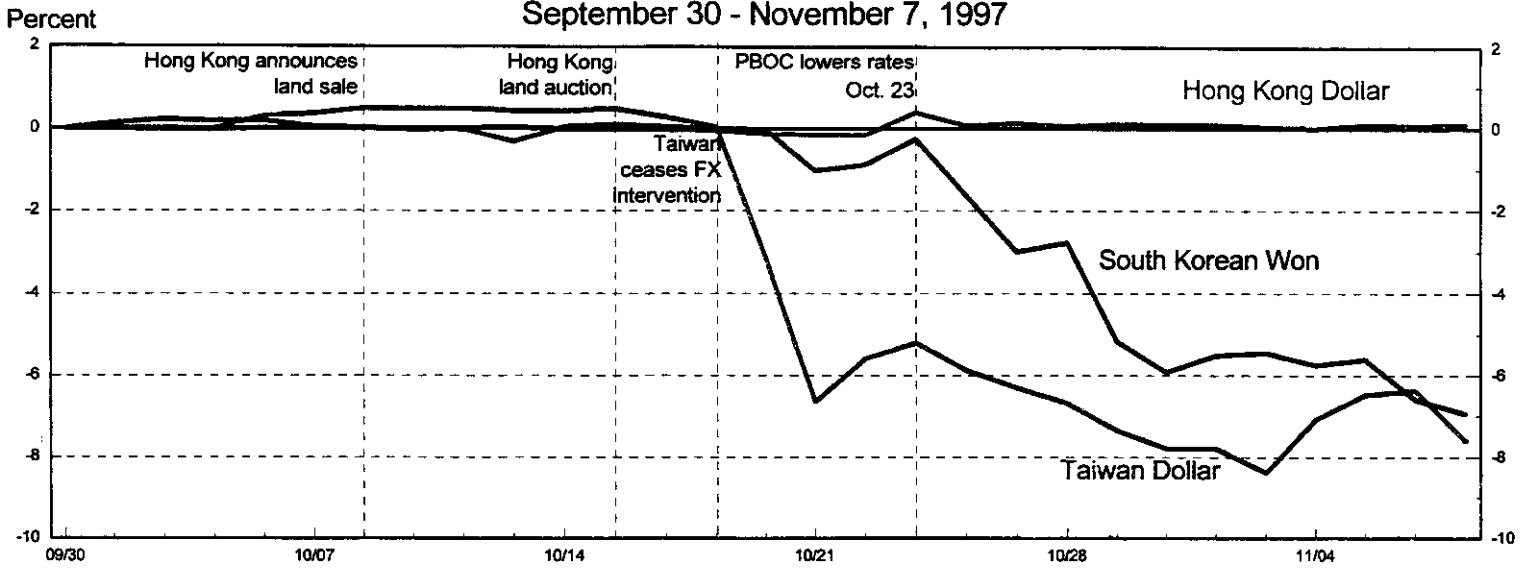
July 1 - November 7, 1997

	Current	3-mo. forward	6-mo. forward	9-mo. forward
United States	————	.....	.....	.....
Germany	————	.....	.....	.....
Japan	————	.....	.....	.....



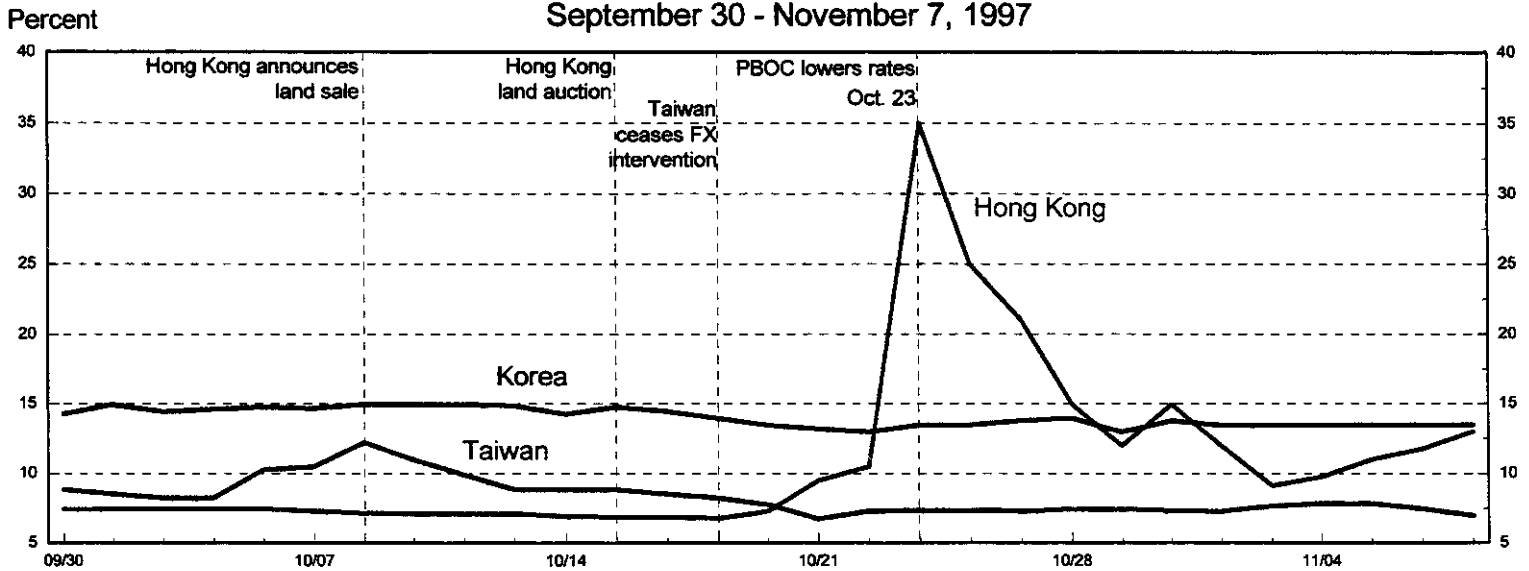
## Percent Change in Foreign Exchange Value

September 30 - November 7, 1997



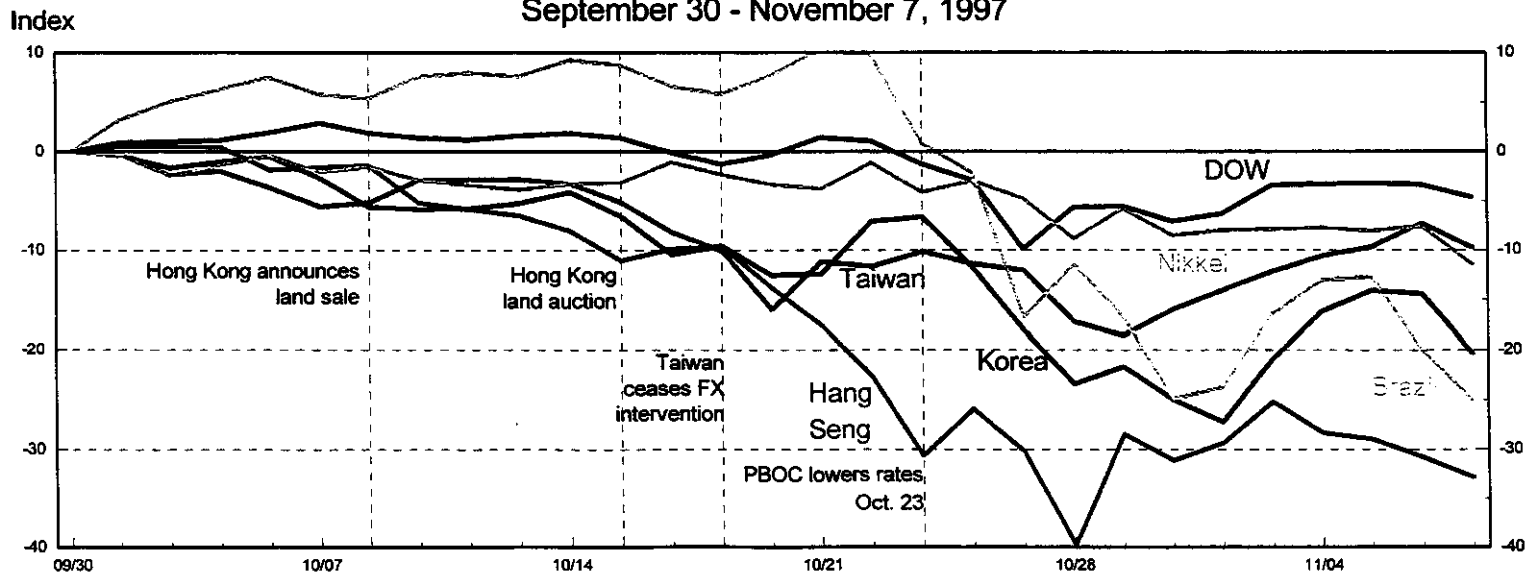
## 1 Month Interbank Interest Rates

September 30 - November 7, 1997

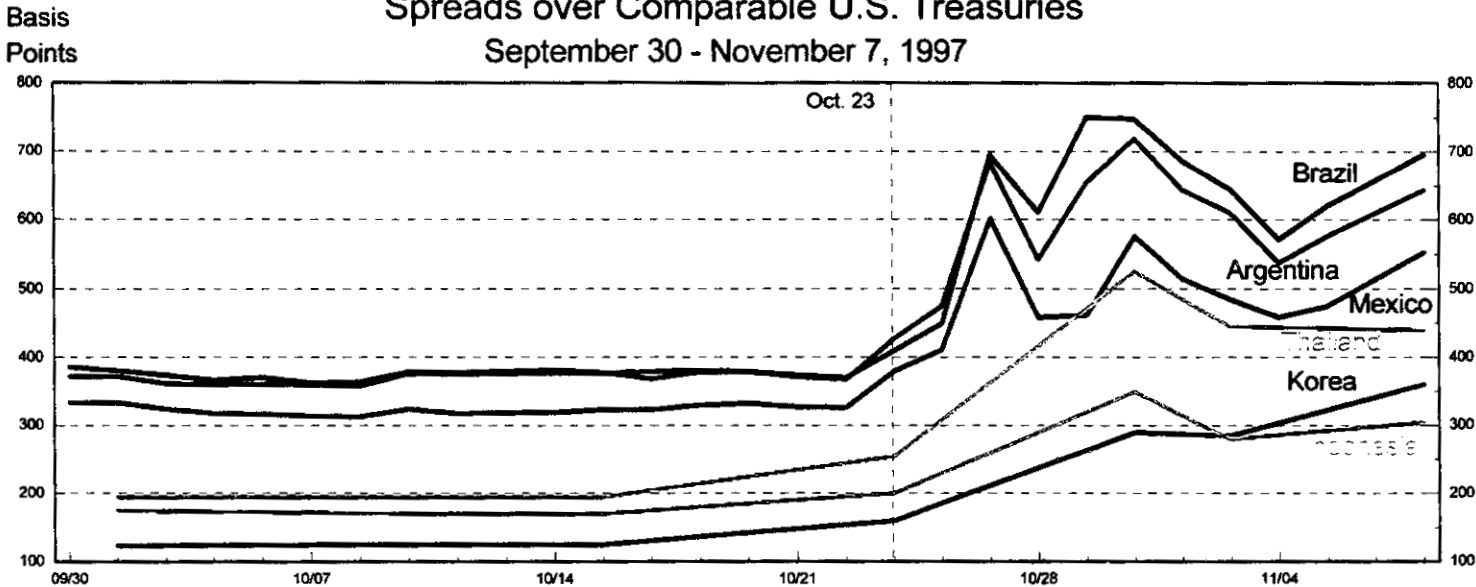


## Percent Change in Equity Indices

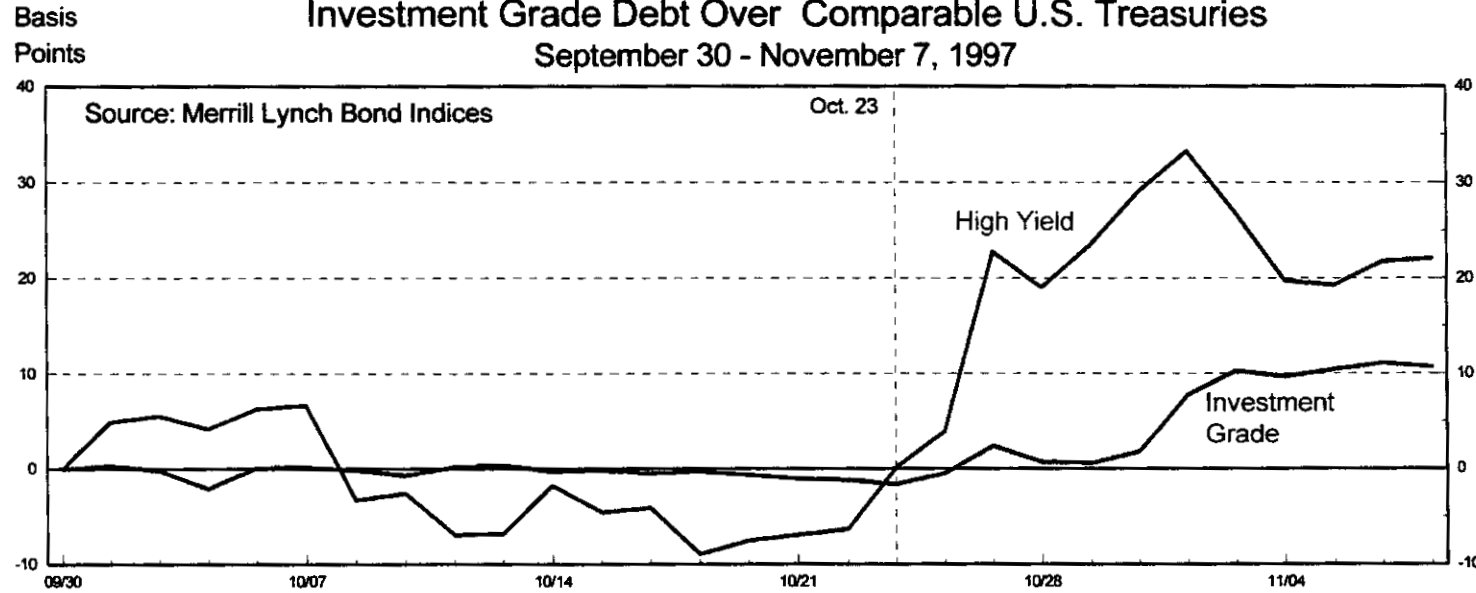
September 30 - November 7, 1997



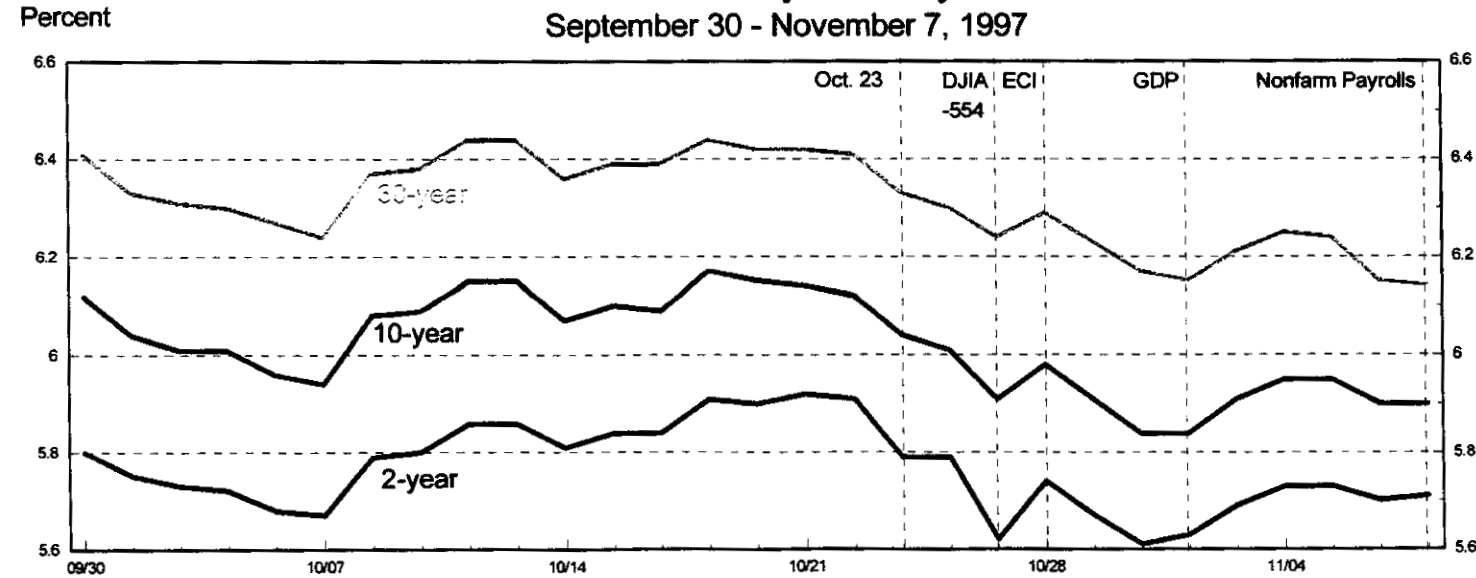
Asian Yankee and Stripped Brady Bond  
Spreads over Comparable U.S. Treasuries  
September 30 - November 7, 1997



Basis Point Change in U.S. Corporate High Yield and  
Investment Grade Debt Over Comparable U.S. Treasuries  
September 30 - November 7, 1997

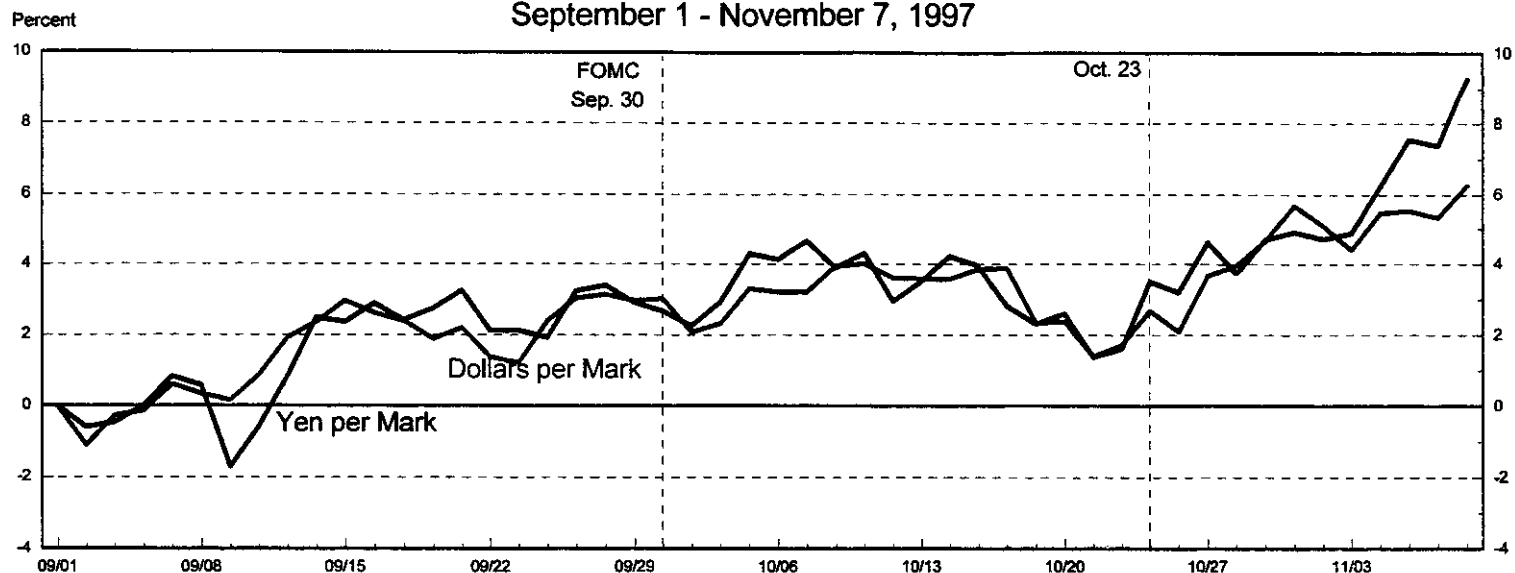


Constant Maturity Treasury Yields  
September 30 - November 7, 1997



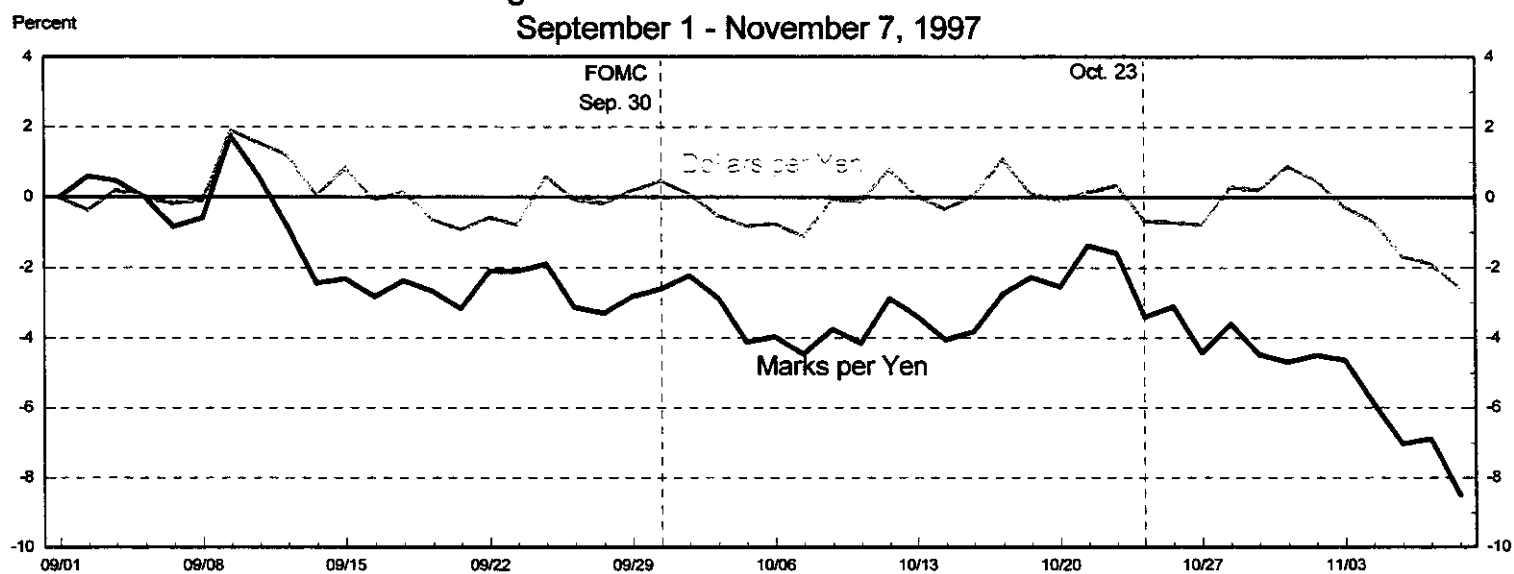
# Percent Change of the Mark versus the Dollar and the Yen

September 1 - November 7, 1997



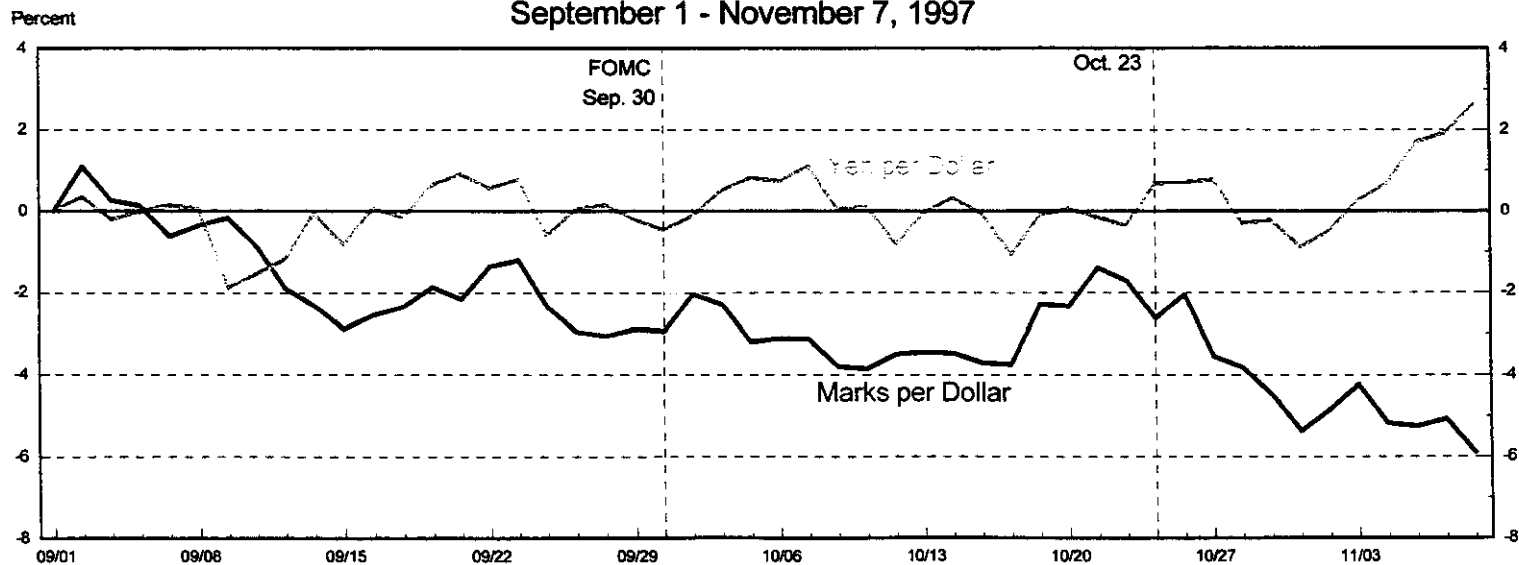
## Percent Change of the Yen versus the Dollar and the Mark

September 1 - November 7, 1997



## Percent Change of the Dollar versus the Dollar and the Yen

September 1 - November 7, 1997





## PERFORMANCE OF PRIMARY DEALERS

- Criteria for primary dealer relationships with the FRBNY were revised in February 1992 following the Solomon Brothers episode.

At that time, we identified “drawbacks” of the then-existing primary dealer system as including:

“ . . . the public impression that, because of the Federal Reserve Bank’s standards for selecting and maintaining these relationships, the Fed is in effect the regulator of the primary dealer firms [and that] . . . the primary dealer designation has been viewed as conferring a special status on these firms that carries with it elements of “franchise value” for the dealer operation . . . .”

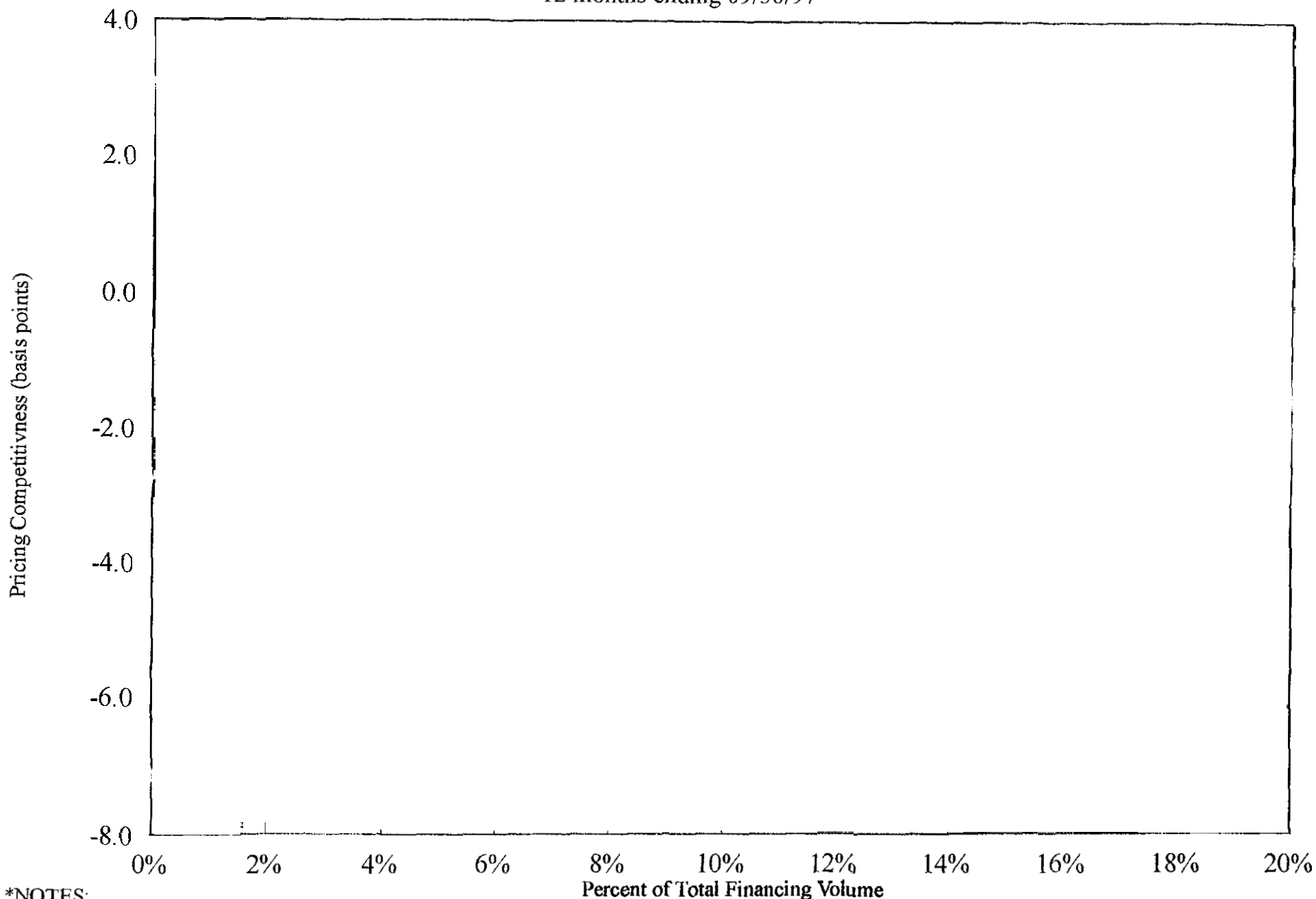
- As a consequence, the criteria were revised, dropping the requirement that dealers maintain a one percent share of total customer activity. At the same time, the FRBNY discontinued its “dealer surveillance” activities.
- We also reiterated standards for “maintaining” relationships with the FRBNY, subject to annual review by the Desk:

“As in the past, all primary dealers will be expected to (1) make reasonably good markets in their trading relationships with the Fed’s trading desk; (2) participate meaningfully in Treasury auctions and; (3) provide the trading desk with market information and analysis that may be useful to the Federal Reserve in the formulation of monetary policy. Primary dealers that fail to meet these standards in a meaningful way over time will have their designation as a primary dealer *discontinued* by the FRBNY.”

- These criteria can be identified as requiring dealers to perform in six areas:
  1. The Desk’s financing (RP) operations;
  2. The Desk’s outright operations on behalf of SOMA;
  3. The Treasury’s bill auctions;
  4. The Treasury’s coupon auctions;
  5. The Desk’s trades on behalf of foreign central bank customers; and
  6. Providing information and analysis to the Desk.

**Primary Dealer Performance in Desk Financing Transactions**

12 months ending 09/30/97

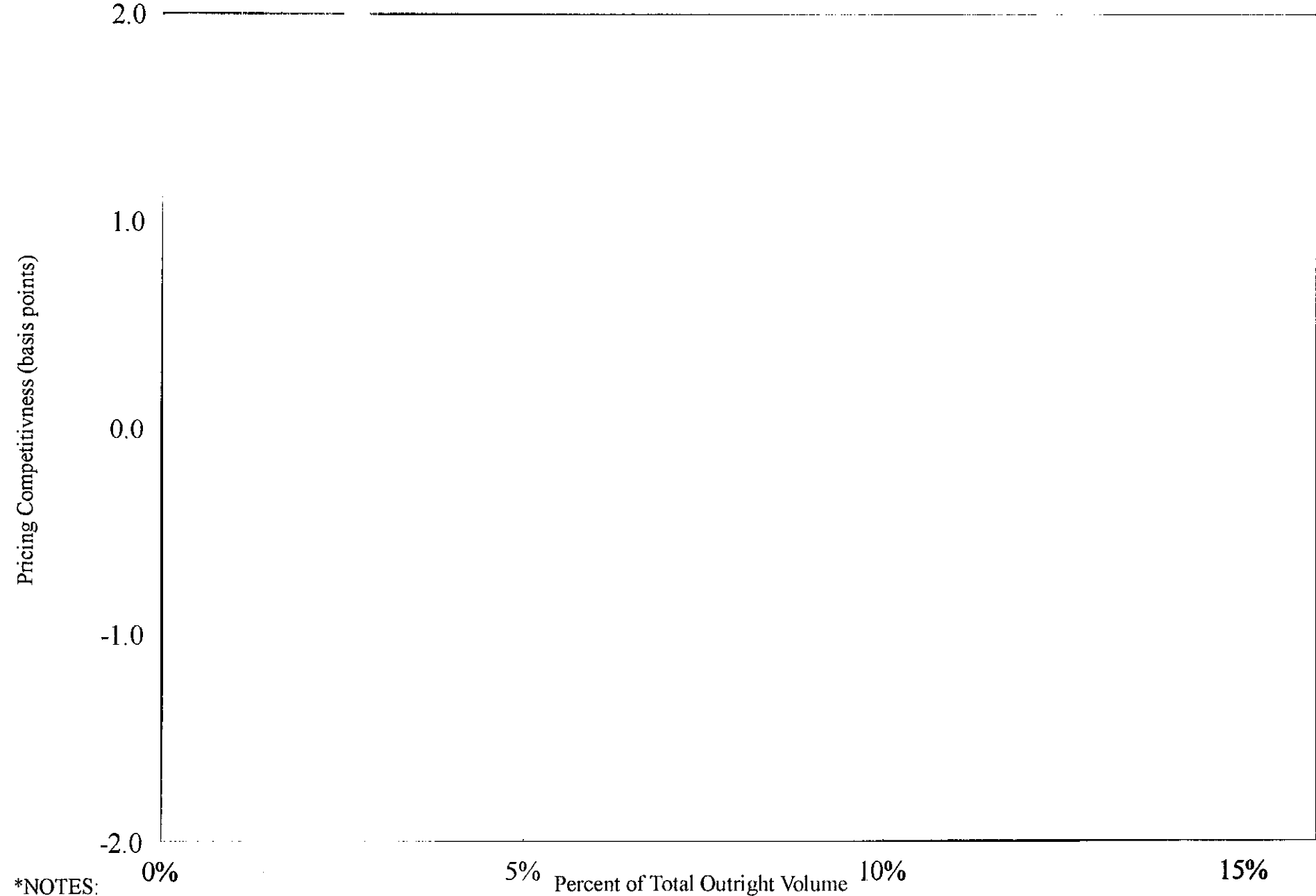
**\*NOTES:**

"Pricing Competitiveness" on the vertical axis indicates in basis points the yield gain or loss available to the FRBNY from a dealer's bids relative to the lowest accepted yield (the stop-out rate). It is the weighted average difference between the bids provided by each dealer and the stop-out rate, using the size of the bids as weights. The zero line on the vertical axis represents the stop-out rate.



**Primary Dealer Performance in Desk System Outright Transactions**

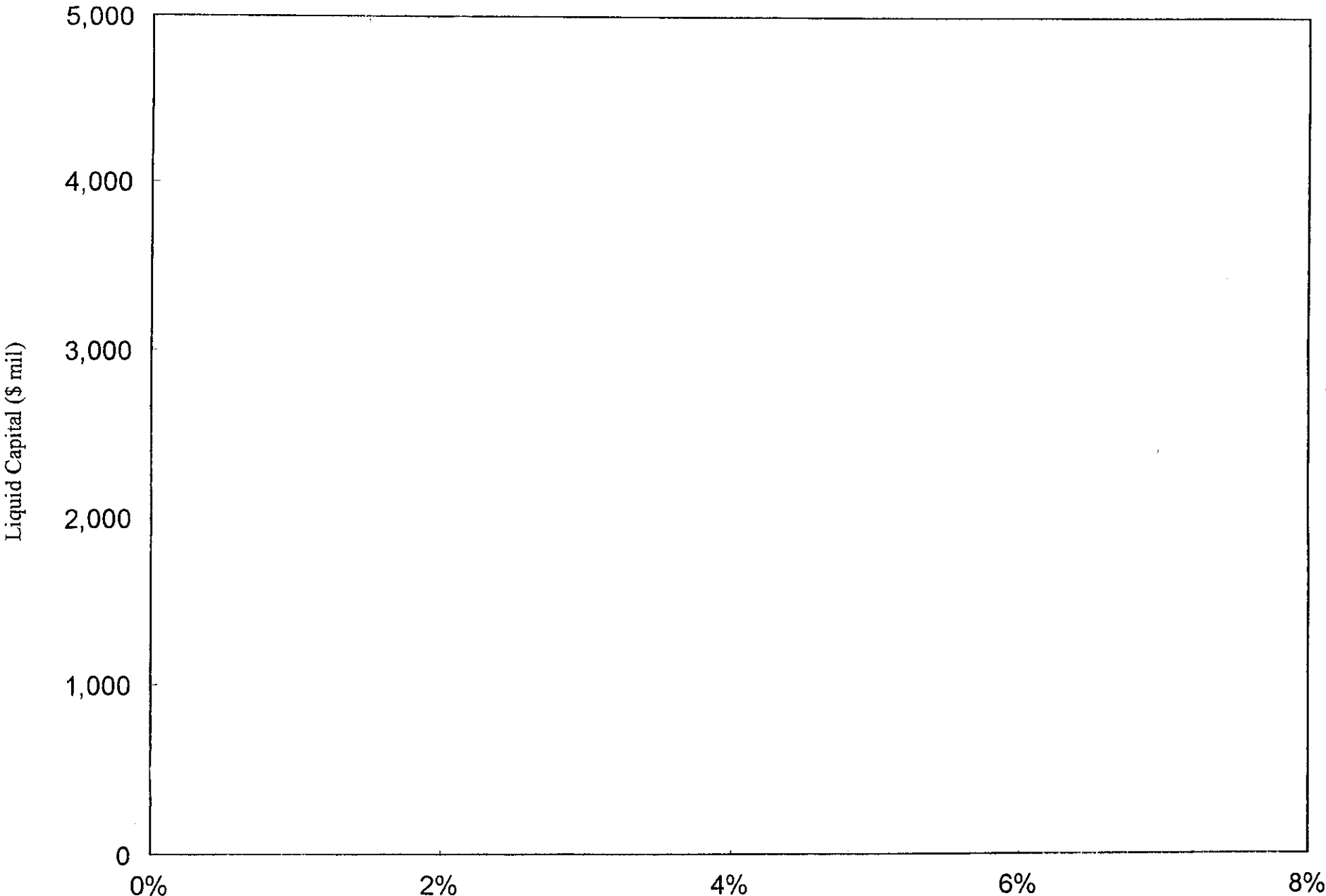
12 months ending 09/30/97



**\*NOTES:** "Pricing Competitiveness" on the vertical axis indicates in basis points the yield gain or loss available to SOMA from a dealer's offerings relative to the yield curve. It is the weighted average difference between the offerings provided by each dealer and the yield curve, using the size of the offerings as weights. The zero line on the vertical axis represents the Treasury market yield curve prior to the Desk's operation.

**Primary Dealer Treasury Bill Awards versus Dealer Capital**

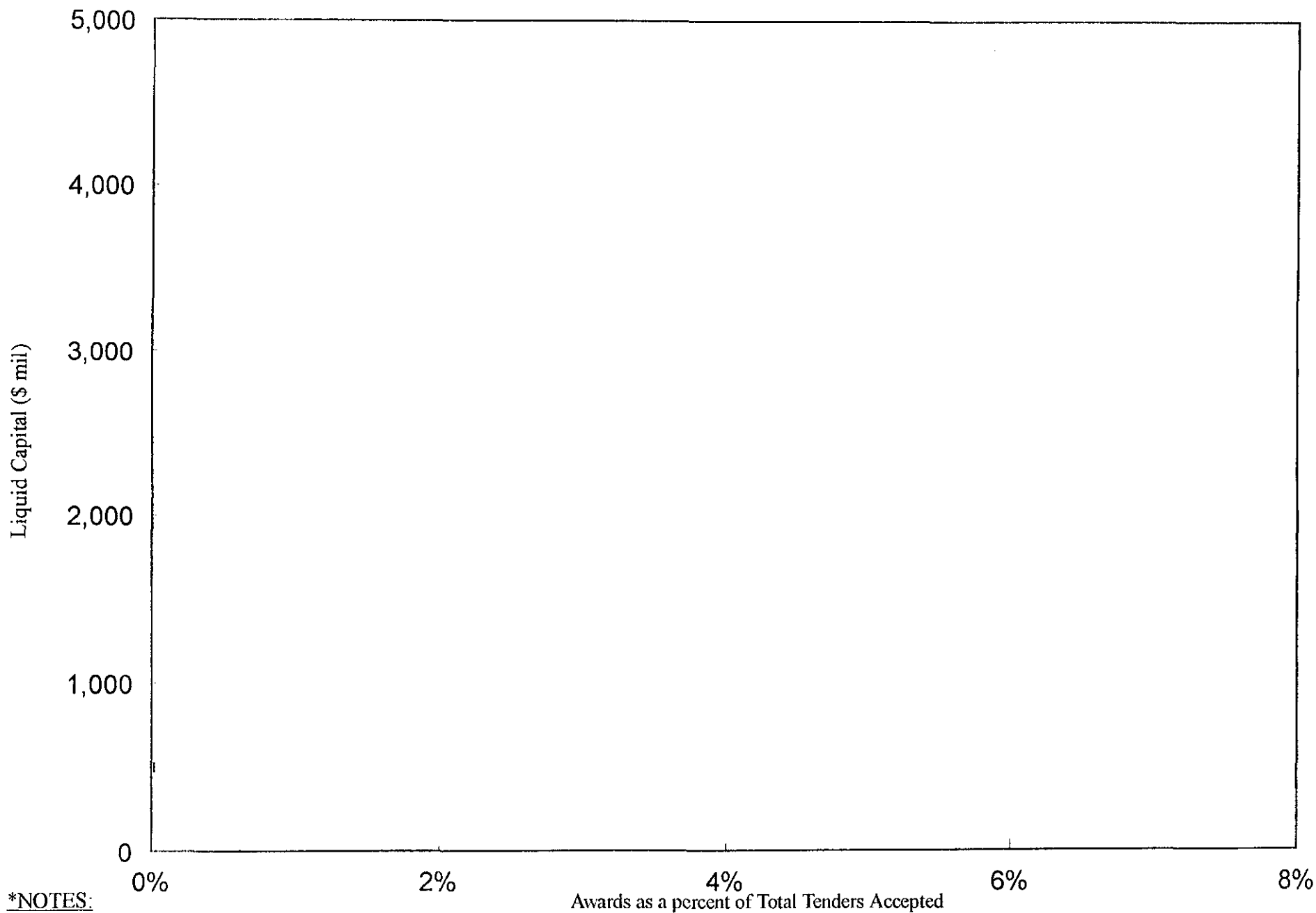
12 months ending 09/30/97



**\*NOTES:**  
Total tenders accepted = total public non-competitive and competitive awards (excluding SOMA and FIMA). Liquid Capital = (equity + subordinated debt) - (plant, property, equipment & other illiquid assets). All capital data from Q2 1997. Tier II capital used for Zions.

**Primary Dealer Treasury Coupon Awards versus Dealer Capital**

12 months ending 09/30/97

**\*NOTES:**

Total tenders accepted = total public non-competitive and competitive awards (excluding SOMA and FIMA). Liquid Capital = (equity + subordinated debt) - (plant, property, equipment & other illiquid assets). All capital data from Q2 1997. Tier II capital used for Zions.

November 10, 1997

<b>FRS SWAPS</b>		<b>New Maturity Date (If Renewed)</b>	<b>Dollar Amount (Millions)</b>
<b>G-10 Countries</b>			
1.	National Bank of Belgium	18-Dec-98	1,000
2.	Deutsche Bundesbank	28-Dec-98	6,000
3.	Bank of England	04-Dec-98	3,000
4.	Bank of France	28-Dec-98	2,000
5.	Bank of Italy	28-Dec-98	3,000
6.	Bank of Japan	04-Dec-98	5,000
7.	Netherlands Bank	28-Dec-98	500
8.	Bank of Sweden	04-Dec-98	300
9.	Swiss National Bank	04-Dec-98	4,000
10.	Bank of Canada*	15-Dec-98	2,000
<b>Non-G-10 Countries</b>			
1.	Austrian National Bank	04-Dec-98	250
2.	National Bank of Denmark	28-Dec-98	250
3.	Bank of Norway	04-Dec-98	250
4.	Bank of Mexico*	14-Dec-98	3,000
5.	BIS(Swiss Francs)	04-Dec-98	600
6.	BIS(Other)	04-Dec-98	1,250
<b>Note: TREASURY SWAPS</b>			
1.	Deutsche Bundesbank	28-Dec-98	1,000
2.	Bank of Mexico*	14-Dec-98	3,000

\* These 3 swaps are associated with the NAFA agreement scheduled to be renewed on December 12, 1997.